

ABB considers options for Combustion Engineering asbestos liability

Zurich, Switzerland, Oct. 21, 2002 – The ABB Group announced today it is likely that the expected asbestos-related costs of its U.S. subsidiary Combustion Engineering, Inc. (CE) now exceed the value of CE's assets, if CE's historical settlement policies are continued into the future. The book value of CE's assets as of September 30, 2002 is US\$812 million.

CE and the ABB Group are considering various options for resolving the asbestos liability, including the possible reorganization of CE under Chapter 11 of the U.S. Bankruptcy code.

It is ABB's position that CE's asbestos-related liability can only be asserted against CE. Some claimants have named other entities in connection with claims against CE, including ABB Inc. and ABB Ltd., but there has been no adjudication that any other entity within the ABB Group has liability for claims against CE.

ABB acquired CE in 1990. Historically, asbestos containing insulation materials were used to insulate CE boilers. CE has paid out US\$865 million to claimants from 1990 to end 2001.

Many factors will affect the ultimate cost of resolving CE's liability, and it is not possible now to determine the magnitude of those costs. Because the ultimate cost of resolution is uncertain, the current reserve is not being increased, but it no longer represents an estimate of the expected cost to CE of continuing to resolve current and future claims under its historical settlement policy.

This press release includes forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. These statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for ABB Ltd and ABB Ltd's lines of business. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes,", "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are major markets for ABB's businesses, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time in ABB's filings with the U.S. Securities and Exchange Commission. Although ABB Ltd believes that its expectations reflected in any such forward-looking statement are based upon reasonable assumptions, it can give no assurance that those expectations will be achieved. BH6390.doc

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